

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of	)	
	)	DOCKET NO. 16288
[Redacted]	)	
	)	DECISION
Petitioners.	)	
_____	)	

On November 13, 2001, the staff of the Tax Discovery Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayers), proposing income tax, penalty, and interest for the taxable years 1996 through 1999 in the total amount of \$16,483.

On January 11, 2002, the taxpayers filed a timely appeal and petition for redetermination. The taxpayers did not request a hearing but rather chose to submit returns for the Tax Commission to consider. The Tax Commission, having reviewed the file, hereby issues its decision.

The Tax Discovery Bureau (Bureau) received information that the taxpayers received wages reported to the Idaho Department of Labor. The Bureau researched the Tax Commission's records and found the taxpayers had not filed Idaho income tax returns for the taxable years 1996 through 1999. The Bureau sent the taxpayers a letter asking them about their filing requirement with the state of Idaho. The taxpayers did not respond.

The Bureau obtained additional information from [Redacted] and determined the taxpayers were required to file Idaho income tax returns. The Bureau prepared income tax returns for the taxpayers and sent them a Notice of Deficiency Determination. The taxpayers appealed the Bureau's determination.

The taxpayers stated the amounts the Bureau used were incorrect. They stated the tax was computed from a tax chart that did not allow for the deductions to which they were entitled.

The taxpayers stated it was because of their personal neglect that their returns had not been filed. However, they stated returns would be prepared and submitted to rectify the situation.

The Bureau allowed the taxpayers additional time to complete and submit their returns. However, after several dates specified by the taxpayers had passed and no returns were provided, the Bureau referred the matter for administrative review.

The Tax Commission sent the taxpayers a letter setting forth two alternative methods for having the Notice of Deficiency Determination redetermined. The taxpayers responded that it was still their intent to submit income tax returns. The taxpayers stated they were having difficulty getting their W-2 wage statements as well as other information. They asked for an additional 60 days to complete the returns.

The Tax Commission allowed the taxpayers the additional time and, shortly after the end of the requested time, the Tax Commission received income tax returns for 1996 and 1997. The Tax Commission made one more request for the remaining returns giving the taxpayers a final deadline date. The taxpayers responded by submitting returns for 1998 and 1999 a couple of days after the date given.

The Tax Commission reviewed the taxpayers' returns and found them to be a better representation of the taxpayers' taxable income. Therefore, the Tax Commission accepts the taxpayers' returns, subject to the normal review processes of the Tax Commission, in lieu of the returns prepared by the Bureau.

The taxpayers' returns resulted in refunds. However, Idaho Code section 63-3072 states that for a refund to be issued a claim must be made by filing a return, required by the income tax act, within three years of the due date of the return, without regard to extensions. The taxpayers' 1998 return had a due date of April 15, 1999. The statute of limitations for receiving a 1998

refund expired on April 15, 2002. Therefore, the Tax Commission is prohibited from issuing a refund for the tax years 1996 through 1998.

WHEREFORE, the Notice of Deficiency Determination dated November 13, 2001, is hereby MODIFIED, in accordance with the provisions of this decision and, as so modified, is APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the following refund be paid to the taxpayers:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1996	\$ 0	\$ 0	\$ 0	\$ 0
1997	0	0	0	0
1998	0	0	0	0
1999	(85)	0	0	<u>(85)</u>
			TOTAL REFUND	<u>\$(85)</u>

An explanation of the taxpayers' right to appeal this decision is enclosed with this decision.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2002.

IDAHO STATE TAX COMMISSION

\_\_\_\_\_  
COMMISSIONER

#### **CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_ day of \_\_\_\_\_, 2002, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[REDACTED]

Receipt No. [Redacted]  
\_\_\_\_\_